



# Measuring Success

New and Beginning Farmers and Ranchers (BFR)

## The Goal

New and Beginning Farmers and Ranchers (BFR) are a fundamental part of the American and global Agricultural marketplace and legacy. The 2014 Farm Bill gave USDA new tools and flexibility in several key programs in order to support BFR, by continuing, increasing and creating new assistance for this group. It is a priority of the Secretary and the Department to ensure the success and sustainability of BFR.

By September 30, 2017, USDA will increase access to key BFR programs which will result in increasing investments to BFR by a value of \$5.6 billion over 2 years. Within existing resources, USDA will expand opportunities for BFR through targeted outreach, and increased technical assistance, resulting in increasing BFR participation in key programs by 6.6% over the goal term. Increased investments to BFR will contribute to growing their value, and supporting economic development and stability in their communities, both through increased opportunity and support for longevity of new operations.

## Background

American agriculture is at a critical juncture of need and opportunity for the next generation of farmers and ranchers.

New and beginning farmers and ranchers are a fundamental part of the American and global agricultural marketplace and legacy. However, according to the most recent Census of Agriculture, in 2012, the United States had 522,058 beginning farmers (principal operators who were on their current operation ten years or less). This was 20 percent fewer than in 2007, when the last agriculture census was conducted. Additionally, consistent with the 30 year trend, the average age of a principal operator has continued to rise – and is at 58.3 years old nationwide. While USDA is working to understand additional nuance and gain a deeper picture of all the parts of the next generation of agriculture, these are important trends of note.

Information from USDA's 2015 Tenure, Ownership, and Transition of Agricultural Land report also evaluated the impending transition of agricultural land to the next generation – in the next five years, almost 10 percent (or 91 million acres) of all farmland is expected to transition, not including the 57.1 million acres that landowners have put or plan to put into wills. These trends stand to have a significant effect on the structure of the agricultural economy and rural communities.

Targeted outreach and increased investment in the next generation, proposed here by USDA, will serve to support new and beginning farmers and strengthen USDA's ongoing efforts to assist beginning farmers in accessing capital, acquiring land, developing financially sustainable operations, and fully utilizing USDA programs – supporting the next generation of American agriculture.

Since 2009, USDA has engaged its resources to support a strong next generation of farmers and ranchers by improving access to land and capital; building new markets and market opportunities; extending new conservation opportunities; offering appropriate risk management tools; and increasing our outreach, education, and technical support.

Specifically, from 2009-2014, USDA increased our investment in new and beginning farmers across several key programs by 14.1%. The 2014 Farm Bill gave USDA new tools and flexibility in several key programs in order to support new and beginning farmers and ranchers, by continuing, increasing, and creating new assistance for this group.

USDA is proposing to increase and broaden access for new farmers even further over the next two years – an additional 6.6% across key programs – for a total increased investment value of about \$5.6 billion. Including the additional investment, by September 30, 2017, USDA will have invested roughly \$17.4 billion to beginning farmers and ranchers.

USDA will focus our work on the most relevant programs across the Department (excluding disaster assistance programs due to their unique nature of benefit). These programs were chosen for their impact on increasing opportunity for new and beginning farmers and ranchers and support for increased longevity of new and beginning operations.

- For the purposes of our goal, increased opportunity is defined as the opportunity to begin an operation, grow an operation, develop new markets, support more effective agricultural or conservation practices, or having access to relevant training and education opportunities.
- Increased longevity refers to support for new and beginning farmers during critical development periods, including the transition from a brand new operation to a more experienced level of beginning farming, and then finally graduating from being a beginning farmer to an experienced farm operator.

## **How USDA is Currently Supporting New and Beginning Farmers**

Globally, USDA is focusing on creating modern, flexible customer service to meet the needs of tomorrow's customers, opening the doors of all our programs to meet the needs of the next generation, and building a better system for helping create access and awareness of programs by new and beginning farmers.

*USDA is updating the way we do customer service for new and beginning farmers.*

- In June 2014, we launched for the first time a single front door to all our USDA resources for the next generation of farmers and ranchers, [www.usda.gov/newfarmers](http://www.usda.gov/newfarmers). As the primary portal to USDA resources, USDA.gov currently receives close to 140 million unique visitors per year, and New Farmers has been one of the most accessed websites since inception. [www.usda.gov/newfarmers](http://www.usda.gov/newfarmers) extends the

reach to all USDA customers, providing a simpler pathway to all USDA resources.

- In September 2015, USDA introduced new resources specifically designed for military veterans interested in agriculture, including a website, [www.usda.gov/veterans](http://www.usda.gov/veterans), which consolidates information about USDA's preferences, priorities, and incentives for military veterans in USDA programs in one place.

*USDA has also worked closely together to roll out new resources, and to link our staffs with cross training and knowledge about programs across the Department. A few specific examples:*

- The Farm Service Agency is packaging programs together for new and beginning farmers. When a new farmer is working with USDA on a loan, we are now able to offer them free Noninsured Crop Disaster Assistance Program insurance as part of the package, and when a farmer is looking for financing under the Farm Storage Facility Loan, we are now able to package that with our traditional lending assistance.
- The Foreign Agriculture Service created a new set of tools for new and beginning farmers to access new and expanded markets for their products, as facilitated by our State and Regional Trade Groups and Cooperators. This enhanced trade mentorship will enable new farmers and ranchers – particularly value-added or branded products – to grow with an eye towards foreign markets as a potential avenue for profitability. This new set of tools was shared across USDA as a resource for all of our customer-facing employees.
- The Farm Service Agency is leveraging its footprint across rural America to reach beginning farmers – helping provide a critical one stop shop for USDA in the field.

*USDA has implemented the farm bill.*

Since the enactment of the 2014 Farm Bill in February 2014, USDA has:

- Made 116 awards to nonprofit organizations, community-based organizations, tribal organizations and educational institutions totaling \$18.1 million through the Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers Grant Program (also known as the 2501 Program). Funding for this program has provided assistance to more than 6,100 beginning, small, socially disadvantaged and veteran farmers and ranchers.
- Partnered with beginning farmers to begin or continue conservation work on nearly 2 million acres, providing more than \$200 million in financial assistance.
- Provided better crop insurance coverage to over 13,500 new and beginning farmers and ranchers participating in beginning farmer crop insurance incentives, including almost 49,000 policies. Beginning farmers and ranchers have saved over \$14 million in premiums and administrative fees because of this new program.
- Made 39 awards in FY14 through the Beginning Farmer and Rancher Development Grant Program (BFRDP) to organizations that will use the funds, over the next three years, to help about 18,000 early-

stage farmers and ranchers be more successful, and about 2,500 farmers get started. Specifically:

- » 27 standard awards (3-year training/assistance projects of up to \$250K/year)
- » 10 developmental awards (1-year awards of \$100K or less to groups new to NIFA)
- » 1 educational enhancement team will work with 24+ incubator farms serving immigrants
- » 1 curriculum and training clearinghouse award, FarmAnswers.org
- » Exceeded the required 5 percent to projects serving veterans; 8 percent of funds are going to projects, or parts of projects, that serve veterans

Exceeded the required 5 percent to projects serving socially-disadvantaged, limited-resource or farmworker audiences; approximately half of the funds are going to projects, or parts of projects, that serve these audiences

- Since implementation of the highly popular microloan program, FSA has helped almost 15,000 small, underserved, and beginning farmers obtain operating credit. The Act revisions have assisted 1,600 farmers by increasing the loan limit and expanding the credit available for their family farming businesses.
- Improved the down payment loan program by increasing the loan limit and providing greater flexibility in determining eligibility. As a result of these enhancements, over 1,700 beginning and underserved farmers have benefited by obtaining down payment loans – purchasing family farms - establishing farm businesses – becoming contributing members of rural communities.
- Made over 300 investments in infrastructure to connect farmers – including many young and beginning farmers – to consumers and strengthen the local food system, and invested more than \$27 million in projects to support farmers market and other local food marketing efforts.
- Awarded \$27.1 million in Farmers Market and Local Food Promotion Program grants to fund 374 local/regional food projects across the country. In 2014, AMS awarded 30 Farmers Market Promotion projects, and 16 percent of those awarded benefited new and beginning farmers and ranchers. Further, of the 33 Local Food Promotion projects, 18 percent of those awarded benefited new and beginning farmers and ranchers.
- Awarded \$66 million to state departments of agriculture for projects that support specialty crop growers, supporting hundreds of projects that address issues ranging from food safety to research needs to increased access to fruits and vegetables, all benefiting specialty crop producers and consumers across the country. In FY2014, 62 Specialty Crop Block Grant projects, or 7.4 percent of those awarded, benefit new and beginning farmers. These projects awarded funding of approximately \$3.9 million.
- Made available to states \$13 million for organic certification cost-share assistance to make

organic certification more accessible for producers and handlers across the country (by providing reimbursements for up to 75 percent of the costs of organic certification, up to a maximum of \$750 per certification scope).

*We're updating our programs, to reflect the new and modern farm structures and needs.*

- The National Agriculture Statistics Service has created a taskforce to lead efforts to update USDA's statistical tools to reflect the changing nature of farm businesses, and to better reflect the role of women and the next generation in our agriculture statistics tools. Results are expected as early as the 2017 Census.
- The Deputy Secretary has established a team to review and create opportunities for women in agriculture to engage with USDA and each other. This team is also strategizing long-term engagement options to capture and continue this mentorship and networking among the women who are interested.
- The Farm Service Agency has also updated key programs, like the Farm Storage Facility Loan program, to make it work better and more effectively for certain types of operations, including those that new and beginning farmers often begin.
- The Risk Management Agency (RMA) recently expanded the availability of its Whole Farm Revenue Protection (WFRP) policy to all 50 states and decreased tax record requirements for beginning farmers to allow them to use three previous years of records instead of five.
- RMA also expanded the availability of its Pasture, Rangeland, and Forage (PRF) policy to all 48 contiguous states and created a new pricing methodology that better reflects economic costs. Because many beginning farmers are likely to focus on specialty crops and small, diverse farming and ranching operations, these new opportunities will increase beginning farmer access to risk management tools in the coming years.

*We've built new partnerships that are helping us as USDA help new farmers more effectively.*

- We have enhanced our coordination with [veterans resources](#) including Veterans Affairs, [Department of Defense](#), and Department of Labor. Our teams are developing consolidated resources, shared services, and so much more in service of our nations' servicemen and women who want to make a life on the land. In particular, every service member transitioning out of the military will now hear about career opportunities in agriculture and how USDA programs can support them as beginning farmers.
- We are working with STEM colleagues like [NASA](#) to build connections with youth and their engagements with STEM and agriculture.

*Finally, we are working to tell the story of all this work, and the opportunities we have to support the next generation of farmers and ranchers.*

## Where Will USDA Increase Investments?

TARGET MEASURE	Baseline Level	Current	2016 Target	2017 Target	Outcome of Investment
Increase the percentage of direct loan borrowers who are beginning farmers	30.5% (2009)	53.3% (2015 to date)	56%	57-60%	<p><b>OPPORTUNITY</b></p> <p>USDA is often the lender of first opportunity for new and beginning farmers. A 2 percent overall increase in USDA's lending to beginning farmer will result in \$55 million in additional loans and loan guarantees to an estimated 450 family farmers, who would not have been able to access credit elsewhere. This is key, given the 91 million acres land that is expected to turn over in the next five years (TOTAL). For many new farmers, this is the front door to economic opportunity.</p> <p>This investment is well managed by new and beginning farmers; the delinquency rate for beginning farmers within this program is 1.95%.</p>
Increase the percentage of guaranteed loan borrowers who are beginning farmers	26.9% (2009)	34.2% (2015 to date)	35%	36-38%	<p><b>OPPORTUNITY</b></p> <p>USDA is often the lender of first opportunity for new and beginning farmers. A 2 percent overall increase in USDA's lending to beginning farmers will result in \$55 million in additional loans and loan guarantees to an estimated 450 family farmers, who would not have been able to access credit elsewhere. This is key, given the 91 million acres land that is expected to turn over in the next five years (TOTAL). For many new farmers, this is the front door to economic opportunity.</p> <p>This investment is well managed by new and beginning farmers; the delinquency rate for beginning farmers within this program is 1.5%.</p>

Increase the number of first time beginning farmer applicants in the Noninsured Crop Disaster Assistance Program	3.2% (2014)	8.2% (2015 to date)	8.6%	10%	<b>LONGEVITY</b>  The Noninsured Crop Disaster Assistance Program (NAP) provides financial assistance to producers of noninsurable crops when low yields, loss of inventory, or prevented planting occurs due to natural disasters. NAP directly supports the longevity of new and beginning farmers and ranchers operations by creating appropriate and affordable risk management planning tools. For new and beginning farmers this is a critical and significant farm management practice in helping to grow businesses. USDA's estimates 145 new and beginning farmers enrolled in NAP in 2014 and received \$222,000 in payments. <sup>1</sup> There are 739 new and beginning farmers enrolled in NAP for 2015.
Increase the percentage of Environmental Quality Incentives Program Contracts benefitting beginning farmers	10.83% of total contracts	20% of total contracts	24% of total contracts	26-30% of total contracts	<b>OPPORTUNITY</b>  The Environmental Quality Incentives Program (EQIP) is an important vehicle for investment in new and beginning farms and ranches, providing financial and technical assistance to agricultural producers in order to address natural resource concerns and deliver environmental benefits such as improved water and air quality, conserved ground and surface water, reduced soil erosion and sedimentation or improved and created wildlife habitat. EQIP most directly supports increased opportunity, including through helping producers address critical natural resource concerns, and improve the viability of their operations. As one example of this program at work, this program can support hoop houses, which are known to extend a farmer's growing season and increase conservation of water and natural resources.

Increase the percentage of Value Added Producer Grant awards to beginning farmers	12% (2009)	15% (2015)	17%	25%	<b>OPPORTUNITY and LONGEVITY</b> Value Added Producer Grants (VAPG) create the opportunity for new and beginning farmers to add to the value of their raw commodities and diversify market opportunities – directly supporting both opportunity and longevity of new farming operations. This program also supports surrounding communities through jobs created.
Increase the total percentage of Farmers Market Promotion Program dollars awarded benefitting beginning farmers	NA	16% (2014)	5%	10%	<b>OPPORTUNITY and LONGEVITY</b> This funding directly supports the connection between new farmers and markets – increasing opportunity. Direct marketing has been associated with higher survival rates among certain types of beginning farmers. On average, certain types of beginning farmers who marketed directly to consumers had a 54.3-percent survival rate, compared to 47.4 percent for those who marketed their goods through traditional channels, and also had a greater chance of reporting positive sales 2007-2012—speaking to support for longevity. <i>*Note: we are building new data collection capacity for new and beginning farmers within this program. These numbers may be adjusted as we learn more.</i>

Increase the total percentage of Local Food Promotion Program dollars benefitting beginning farmers	NA	18% (2014)	5%	10%	<p><b>OPPORTUNITY and LONGEVITY</b></p> <p>This funding directly supports the connection between new farmers and markets – increasing opportunity.</p> <p>Direct marketing has been associated with higher survival rates among certain types of beginning farmers. On average, certain types of beginning farmers who marketed directly to consumers had a 54.3-percent survival rate, compared to 47.4 percent for those who marketed their goods through traditional channels, and also had a greater chance of reporting positive sales 2007-2012—speaking to support for longevity.</p> <p><i>*Note: this is a new program and we are building new data collection capacity for new and beginning farmers within this program. These numbers may be adjusted as we learn more.</i></p>
Increase the number of beginning farmers who are receiving crop insurance incentives (cumulative)	NA	13,500, (2015 to date)	14,175	14,850	<p><b>LONGEVITY</b></p> <p>This funding directly supports the longevity of new and beginning farmers and ranchers operations, by creating appropriate and affordable risk management planning tools. The beginning farmer crop insurance incentives make crop insurance more affordable and more effective for beginning farmers, which supports new and beginning farmers in the critical first few years of farming.</p>

*USDA will also monitor additional annually available statistical indicators as part of our goal, in order to gauge the overall health of new and beginning farmers and ranchers. Specifically:*

- The overall number of beginning farmers and ranchers. In 2013, of 2.04 million family farms, 19.2 percent (392,283) were classified as beginning farms, with 546,283 beginning farmers working on them. Some established farms with multiple operators have at least one operator who is a beginning farmer. The total number of beginning farmers in 2013 was 620,881 – 546,283 on beginning farms, 74,598 on established farms. *(Note: USDA is working to build additional visibility into the next*

<sup>1</sup> 2014 was the first year NAP fees and premium coverage reduction was made available to New and Beginning Farmers.

*generation on farms with multiple operators – currently, we only have detailed information on the first three operators.)*

- Beginning farmers' overall participation in USDA direct payment programs (including commodity, conservation, and disaster programs – excluding loans). Currently, beginning farmers are less likely to participate in direct payment programs than established farms. While beginning farmers represent approximately 22 percent of the overall farm population, only 13 percent of program participants are new farmers.
- Beginning farmer's share of market sales. Currently, beginning farmer's share of market sales is lower than their share of the market; in 2013, beginning farmers operated 19 percent of total family farms, but only contributed 9 percent of total value of gross farm sales. While this may be a function of the types of farms that new and beginning farmers begin, and reflective of the learning curve experienced by new and beginning farmers – USDA expects that by increasing opportunity for new and beginning farmers to access appropriate risk management tools, relevant USDA financing programs, and market building funding, new and beginning farmers can increase their share of the market.

***Additional programs that will be tracked and reported annually as indicators of overall initiative health include:***

INDICATOR MEASURE	Base Level	Current Level
Number of collaborative networks or partnerships funded to provide education, mentoring, and technical assistance to beginning farmers and ranchers through the Beginning Farmer and Rancher Development Grant Program	29 (2009, first year of existence)	185 (cumulative through 2014)  More than 50,000 beginning farmers and ranchers have participated in projects funded by BFRDP in the first four years of the program.  Based on 2014 grants, BFRDP is projected to support approximately 20,000 early-stage farmers and ranchers be more successful, and about 2,500 farmers get started over the three year life of the projects.
Total percentage of Specialty Crop Block Grant Program dollars awarded benefitting beginning and socially disadvantaged farmers	4% (2009)	6% (2014)
Acres transferred to new and beginning farmers and socially disadvantaged producers under the Conservation Reserve Program Transition Incentives Program authority	275,608 (under the 2008 Farm Bill authority)	99,286 (current farm bill to date)

Beginning farmer participants receiving Value Added Producer Grant funding	36 (2009)	52 (2014)
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veterans Farmers and Ranchers Program (2501 Program)	61 grants awarded in 28 states for a total of \$19 million (2010)	54 grants awarded in 35 states for a total of \$8.4 million (2015)

## How Will USDA Accomplish This Additional Investment and Support for New and Beginning Farmers?

USDA will achieve this additional investment and support for new and beginning farmers through increased outreach and education to new and beginning farmers to build awareness of opportunities, enhanced data collection within our programs, and through deepening partnerships in the new farmer-serving community, including sister Federal agencies that support new farm businesses.

## What's Next?

- Importantly, the National Agricultural Statistics Services of the USDA has commissioned an expert panel to discuss “Federal Statistics on Women and Beginning Farmers in U.S.A. Agriculture.” This is in response to concerns that these groups be accurately represented in data gathered under the U.S. Census of Agriculture. The National Institute of Statistical Sciences (NISS) has been asked, as an objective independent organization, to organize a panel of experts to consider the data gathered and the reporting of statistics for these two groups and, as appropriate, to suggest possibilities for improvement. Initial results of this work, expected to be reflected in the 2017 Census, will create new opportunities for measurement and program targeting for new and beginning farmers and ranchers.
- USDA will be directly engaging our customers to determine how our programs are connecting with and serving the next generation of farmers in ranchers – in conjunction with this new investment period. The feedback that we get from this process will help guide future investments and policy.
- USDA is working to coordinate and plan for our growing body of policy, programmatic, statistical, and customer information regarding the next generation of agriculture. As new data become available – both on program delivery and outcome – USDA will continue growing ways to track, measure, and report on successes and opportunities.